

Press sources say that Alfonsín intended his remarks to be taken as a warning. Given the banking community's inflexible stand, individuals among Alfonsín's inner circle have reportedly decided that "it's time to do something with the foreign debt." According to the April 22 issue of the weekly *El Economista*, these factions "feel politically asphyxiated" by creditors, and fear that another ratchet of IMF-dictated austerity will be the final detonator in the volatile internal situation. They rule out the declaration of a unilateral or full debt moratorium, but are said to be considering a partial moratorium on the debt owed by state-sector companies whose interest payments represent 65% of total debt service.

Whether the Argentine President has any intention of moving beyond mere warnings, as far as the foreign debt is concerned, remains to be seen. Political commentator Ricardo Kirschbaum noted in the April 21 *Clarín* that Alfonsín is aware that further adherence to the IMF's adjustment policy is tantamount to an "electoral guillotine" for the ruling Radical Civic Union (UCR) party. Alfonsín's chosen successor, Córdoba Governor Eduardo Angeloz, is beginning to panic over the rising inflation and economic chaos which he knows will limit his chances of election in the 1989 presidential race.

Representatives of virtually every sector of the economy and the population, including the Catholic Church, have repeatedly warned the government that continuation of current economic policy will bring dire consequences. One observer has told *EIR* that Argentina's relationship to the IMF, and its inability to pay its debt, is practically the only topic that one hears discussed on the streets.

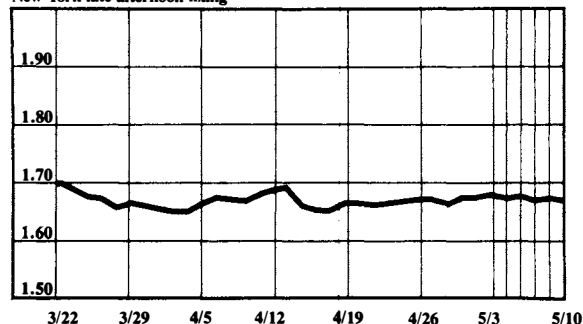
Alberto Costantini, former director of the National Atomic Energy Commission (CNEA), and now the president of the Argentine Engineering Center, issued a scathing attack on Alfonsín's economic policy in an interview with the daily *Clarín* published on April 24. The problem, he said, is that the government's strategy is "ultra-monetarist . . . it has no interest in development, nor does it contemplate the improvement of the country's productive apparatus." Costantini charged that by agreeing to cut the budget on the nuclear program and eliminate projects already under way at the behest of the IMF, the government is negotiating away "the country's technological independence, and our right to decide to have advanced technology such as nuclear."

Yet, Alfonsín seems determined to follow the domestic policy outlined by Sourrouille. He has announced dramatic budget cuts which will eliminate the hydroelectric project at Pichi-Picún-Leufú; unless foreign financing is guaranteed for the Atucha II nuclear plant and the heavy water plant, both of these projects will be scrapped. Cuts in public investment will amount to \$1.5 billion, which the government says will reduce the public deficit by two percentage points, and place it within the range demanded by the IMF. Then, according to press reports, Sourrouille will return to Washington to beg for better treatment.

## Currency Rates

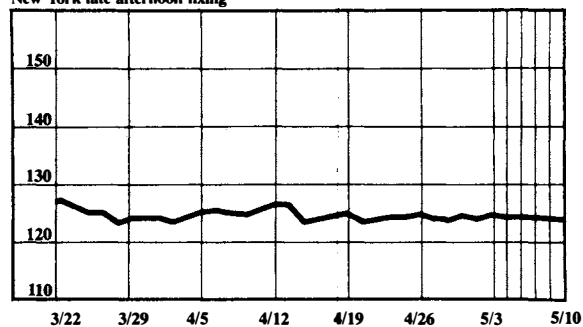
### The dollar in deutschmarks

New York late afternoon fixing



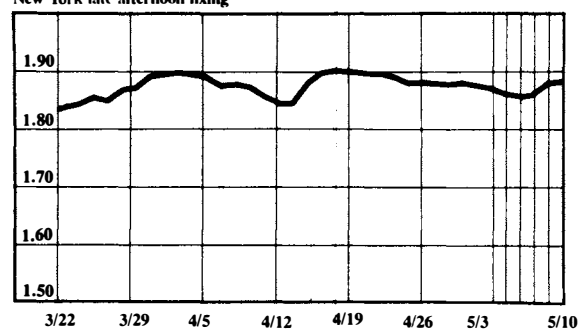
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

